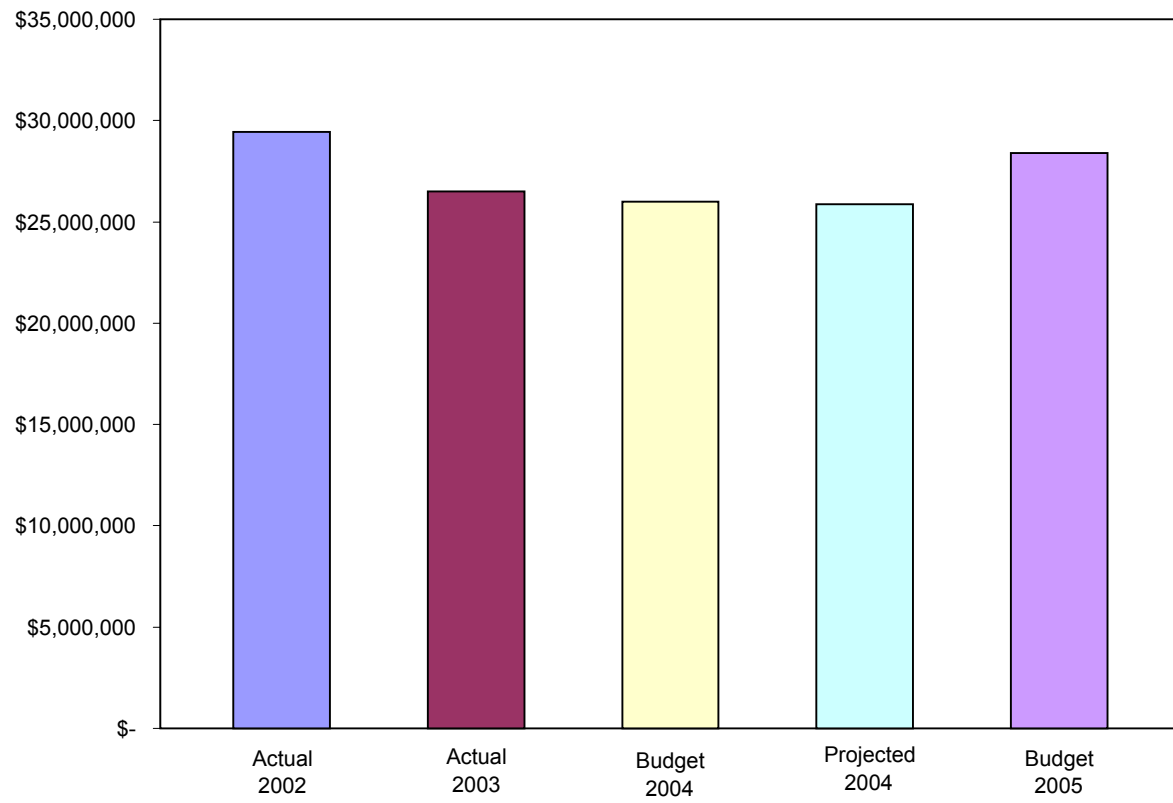


## **Debt Service Fund**

The Debt Service Fund was established to account for all principal and interest payments on the County's long-term debt. This fund is accounted for using the modified accrual method of accounting. The long-term debt is composed of Hamilton County General Obligation Bonds, Department of Education Debt, Certificates and Notes Payable.

### Debt Service



**Debt Service Fund Budget Summary**  
**Schedule of Revenue and Expenditures**

	Actual 2002	Actual 2003	Amended Budget 2004	Projected 2004	Adopted Budget 2005
<b><u>Revenues</u></b>					
Taxes	44,891	35,221	34,000	46,230	2,000
Intergovernmental	1,458,948	886,609	969,457	788,760	616,597
Charges for Services	512,295	388,600	381,000	415,384	410,000
Investment Earnings	36,592	7,245	7,500	9,200	7,500
Miscellaneous	-	14,621	-	-	-
Transfers from other funds	26,322,754	24,720,127	24,619,523	25,047,255	27,351,769
<b>Total Revenues</b>	<b>28,375,480</b>	<b>26,052,423</b>	<b>26,011,480</b>	<b>26,306,829</b>	<b>28,387,866</b>
<b><u>Expenditures</u></b>					
Trustee Commission	21,616	15,197	22,000	10,518	22,000
Retirement of Principal	19,203,489	17,002,005	17,861,690	17,297,736	18,927,005
Retirement of Notes	1,066,100	1,116,500	1,169,700	1,169,700	1,226,600
Bond Service Charge	17,257	18,239	18,000	16,568	20,000
Interest	8,686,496	7,489,768	6,635,090	6,509,972	7,324,057
Administrative Expense	19,475	23,545	20,000	9,801	20,000
Payment to City	410,790	562,884	-	563,953	563,204
Interfund Transfer	-	285,000	285,000	285,000	285,000
<b>Total Expenditures</b>	<b>29,425,223</b>	<b>26,513,138</b>	<b>26,011,480</b>	<b>25,863,248</b>	<b>28,387,866</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,049,743)</b>	<b>(460,715)</b>	<b>-</b>	<b>443,581</b>	<b>-</b>
<b>Excess of non budgeted revenues over non budgeted expenditures</b>	<b>9,817</b>	<b>(392,429)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Restate beginning fund balance for GASB 33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance</b>	<b>2,724,949</b>	<b>1,685,023</b>	<b>831,879</b>	<b>831,879</b>	<b>1,275,460</b>
<b>Fund Balance at end of year</b>	<b>1,685,023</b>	<b>831,879</b>	<b>831,879</b>	<b>1,275,460</b>	<b>1,275,460</b>

# Debt Service Fund – 012

## **FUNCTION:**

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

## **PROGRAM COMMENTS:**

General Obligation Bonds - Hamilton County periodically issues general obligation bonds for the acquisition and construction of major capital facilities. These bonds are direct obligations backed by the full faith and credit of the County and are generally issued as 15 to 20 year serial bonds with the 15 year term being prevalent for the last few years. General obligation bonds are summarized by issue as follows: (See detail schedules)

### **Principal Amount**

<b>Series</b>	<b>Interest Rates</b>	<b>General</b>	<b>School</b>
1994	5.30%	773,333	1,666,667
1995	6.00%	135,000	-
1996	4.90-5.10%	2,631,625	1,993,375
1997	5.00-5.125%	1,241,525	27,013,475
1998A	4.50-5.00%	10,652,632	1,997,368
1998B	4.25-5.10%	5,960,000	0
2000	5.00-5.30%	7,203,396	35,216,604
2002	4.00%	6,388,750	19,166,250
2004	4.00-5.00%	29,000,000	11,000,000
		63,986,261	98,053,739

The County's annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Year Ended June</b>	<b>Annual Redemption General &amp; School</b>	<b>Annual Interest General &amp; School</b>	<b>Total</b>
2005	18,660,000	7,049,057	25,709,057
2006	17,870,000	6,388,583	24,258,583
2007	17,780,000	5,652,264	23,432,264
2008	16,425,000	4,793,315	21,218,315
2009-2034	91,305,000	23,405,678	114,710,678
	162,040,000	47,288,897	209,328,897

Notes Payable – The County entered into a Loan Agreement (the "Agreement") with the Public Building Authority of the County of Montgomery, Tennessee (the "Authority") on February 2, 1996. This Agreement reserves funds for the County in the amount of \$9,500,000 (the "Loan") from the proceeds of the Authority's Adjustable Rate Pooled Financing Revenue Bonds (Tennessee County Loan Pool), Series 1995. The County is obligated under the Agreement to repay the Loan in installments consisting of (i) principal repayments payable annually for a 15 year term in certain amounts and on certain dates as specified in the Agreement, and (ii) interest and certain expenses calculated and billed at the rate or rates and on the date or dates specified in the Agreement. The Loan is a direct general obligation of the County and as such, the full faith, credit, and taxing power of the County are irrevocably pledged for its payment. As of June 30, 2001, the County has withdrawn \$9,500,000 of the Funds reserved. The County makes monthly withdrawals from the Authority to fund certain public works projects and the incidental and necessary expenses related thereto. At June 30, 2004, the balance due per the Agreement was \$5,378,500.

# Debt Service Fund (continued)

## **PROGRAM COMMENTS:** – Continued

Notes Payable – The County entered into a Loan Agreement (the “Agreement”) with the Public Building Authority of the County of Montgomery, Tennessee (the “Authority”) on November 17, 1999. This Agreement reserves funds for the County in the amount of \$9,000,000 (the “Loan”) from the proceeds of the Authority’s Adjustable Rate Pooled Financing Revenue Bonds (Tennessee County Loan Pool), Series 1997. The County is obligated under the Agreement to repay the Loan in installments consisting of (i) principal repayments payable annually for a 14 year term in certain amounts and on certain dates as specified in the Agreement, and (ii) interest and certain expenses calculated and billed at the rate or rates and on the date or dates specified in the Agreement. The Loan is a direct general obligation of the County and as such, the full faith, credit, and taxing power of the County are irrevocably pledged for its payment. As of June 30, 2001, the County has withdrawn \$9,000,000 of the Funds reserved. The County makes monthly withdrawals from the Authority to fund certain public works projects and the incidental and necessary expenses related thereto. At June 30, 2004, the balance due per the Agreement was \$6,911,000.

Carter Street Corporation Joint Venture – The Carter Street Corporation is a nonprofit corporation that was organized by Hamilton County and the City of Chattanooga. The Corporation serves as the coordinating body for the development, operation and management of the Chattanooga/Hamilton County Convention and Trade Center and parking garage and is lessor of the adjoining hotel. In 1994, the Industrial Development Board of Hamilton County, Tennessee issued additional Lease Rental Revenue Bonds to provide for the partial refunding of Series 1986 Lease Rental Revenue Bonds and to provide funds for other needs of the Carter Street Corporation. At June 30, 2001, the total bond indebtedness of the Corporation was \$11,015,000. While the bonds do not constitute an indebtedness of the County or City, under the lease the County and City are unconditionally obligated to make the rental payments. Upon the repayment of the bonds, the County and the City will have an equity interest in the corporation. Hamilton County’s future minimum lease obligations under the current lease agreement at June 30, 2004 are \$1,471,462.

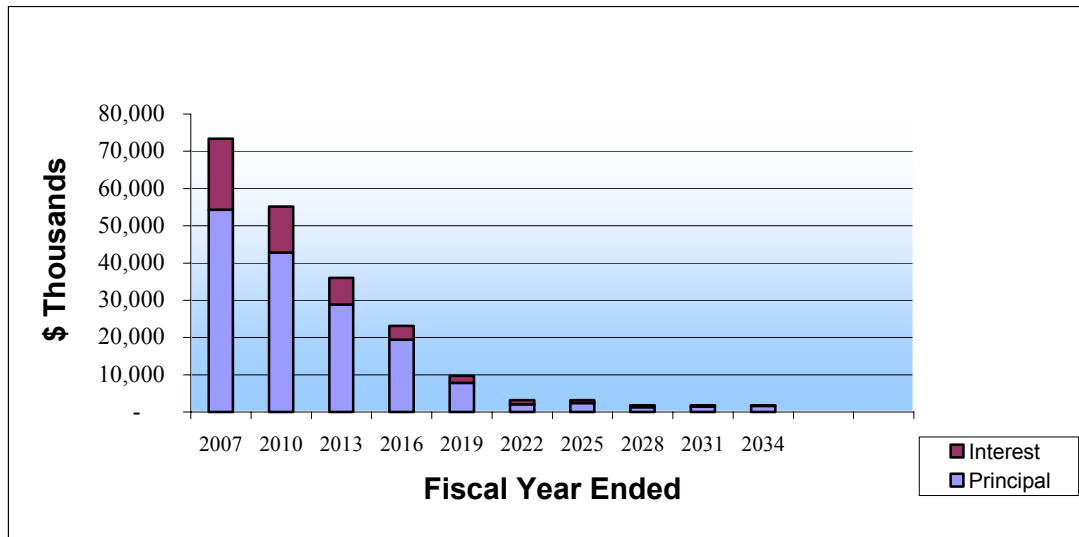
Finley Stadium Project – In February 1996, Hamilton County entered into an agreement with the City of Chattanooga to provide equal funding for the development of the Stadium Project and other project-related purposes. The City of Chattanooga issued \$13,000,000 of 20-year serial bonds at interest rates ranging from 4.5% to 5.7%. Hamilton County agreed to repay the City of Chattanooga for 50% of the principal and interest payments due on the bonds. Hamilton County’s obligation under the terms of the agreement at June 30, 2004 is \$5,919,262.

Debt Paid through Hotel-Motel Occupancy Tax Collections – Hamilton County has pledged future proceeds from its Hotel-Motel occupancy tax to repay the principal and interest on bonds issued by the City of Chattanooga for the Memorial Auditorium (\$2,500,000) and the Bessie Smith Hall (\$500,000) and bonds issued by the City of East Ridge for the Camp Jordan Park (\$1,000,000). The County’s remaining obligations under the agreements at June 30, 2004 are \$1,255,580.

Contract with CCA - In 1998, Hamilton County amended its contract with Corrections Corporation of America (CCA) for the management of the Silverdale Correctional Facility (Hamilton County Penal Farm). Among other items, the contract amendment authorized CCA to construct an expansion to the Silverdale Correctional Facility at a cost not to exceed \$4,000,000. The County agreed to repay the cost of the expansion over a 15-year period. The County’s remaining obligations under this agreement as of June 2004 are \$2,486,485.

County’s General Obligation Bonds, Series 2004 – The Hamilton County Water and Wastewater Treatment Authority agreed to reimburse Hamilton County for a portion of the debt service requirements on the County’s General Obligation Bonds, Series 2004 (for water and wastewater treatment projects). Future reimbursements by the Hamilton County Water and Wastewater Treatment Authority for debt service on the bonds at June 30, 2004 are \$9,368,014.

***Total Debt Service  
Requirements***



***Hamilton County's debt retirement schedule is very aggressive, based on 15-year level principal repayment.***

***Section 5-10-501 to 5-10-509, inclusive, of the laws of the State of Tennessee provide that bonds may be issued without regard to any limit or indebtedness for Tennessee Counties.***

HAMILTON COUNTY, TENNESSEE  
DEBT SERVICE FUND  
REQUIREMENTS FOR FUTURE YEARS  
AS OF JUNE 30, 2004

FISCAL YEAR ENDED	BALANCE AT BEGINNING OF FISCAL YEAR	ANNUAL REDEMPTION	ANNUAL INTEREST REQUIREMENTS	TOTAL ANNUAL REQUIREMENTS
06/30/2005	\$162,040,000	\$18,660,000	\$7,049,057	\$25,709,057
06/30/2006	143,380,000	17,870,000	6,388,583	24,258,583
06/30/2007	125,510,000	17,780,000	5,652,264	23,432,264
06/30/2008	107,730,000	16,425,000	4,793,315	21,218,315
06/30/2009	91,305,000	13,180,000	4,123,415	17,303,415
06/30/2010	78,125,000	13,155,000	3,496,189	16,651,189
06/30/2011	64,970,000	10,775,000	2,911,345	13,686,345
06/30/2012	54,195,000	10,795,000	2,394,615	13,189,615
06/30/2013	43,400,000	7,285,000	1,875,357	9,160,357
06/30/2014	36,115,000	7,310,000	1,534,188	8,844,188
06/30/2015	28,805,000	6,065,000	1,222,513	7,287,513
06/30/2016	22,740,000	6,080,000	936,135	7,016,135
06/30/2017	16,660,000	2,575,000	737,230	3,312,230
06/30/2018	14,085,000	2,600,000	630,493	3,230,493
06/30/2019	11,485,000	2,625,000	522,590	3,147,590
06/30/2020	8,860,000	665,000	410,533	1,075,533
06/30/2021	8,195,000	690,000	378,095	1,068,095
06/30/2022	7,505,000	730,000	344,187	1,074,187
06/30/2023	6,775,000	765,000	308,457	1,073,457
06/30/2024	6,010,000	800,000	271,032	1,071,032
06/30/2025	5,210,000	840,000	231,785	1,071,785
06/30/2026	4,370,000	400,000	202,575	602,575
06/30/2027	3,970,000	420,000	184,175	604,175
06/30/2028	3,550,000	440,000	164,855	604,855
06/30/2029	3,110,000	460,000	144,615	604,615
06/30/2030	2,650,000	480,000	123,225	603,225
06/30/2031	2,170,000	505,000	100,905	605,905
06/30/2032	1,665,000	530,000	77,422	607,422
06/30/2033	1,135,000	555,000	52,777	607,777
06/30/2034	580,000	580,000	26,970	606,970
TOTAL		\$162,040,000	\$47,288,897	\$209,328,897

HAMILTON COUNTY, TENNESSEE  
DEBT SERVICE FUND  
SCHEDULE OF INTEREST REQUIREMENTS FOR  
FISCAL YEAR ENDED JUNE 30, 2005

BOND REDEMPTION	DATE OF ISSUE	INTEREST RATE	OUTSTANDING JUNE 30,2004	INTEREST PAYABLE
General Improvement	6-1-94	5.30	\$ 773,333	\$ 20,493
General Improvement	1-15-95	6.00	135,000	8,100
General Improvement	5-1-96	4.90	1,155,070	28,299
General Improvement	5-1-96	5.00	745,390	37,270
General Improvement	5-1-96	5.10	731,165	37,289
General Improvement	5-1-97	5.00	776,200	38,810
General Improvement	5-1-97	5.125	465,325	23,848
General Improvement	3-1-98-A	4.50	5,326,316	215,716
General Improvement	3-1-98-A	4.55	1,065,263	48,469
General Improvement	3-1-98-A	4.65	1,065,263	49,535
General Improvement	3-1-98-A	4.75	1,065,263	50,600
General Improvement	3-1-98-A	4.85	1,065,263	51,665
General Improvement	3-1-98-A	5.00	1,065,264	53,263
General Improvement	3-1-98-B	4.25	30,000	637
General Improvement	3-1-98-B	4.30	180,000	7,740
General Improvement	3-1-98-B	4.375	190,000	8,312
General Improvement	3-1-98-B	4.40	200,000	8,800
General Improvement	3-1-98-B	4.50	210,000	9,450
General Improvement	3-1-98-B	4.60	220,000	10,120
General Improvement	3-1-98-B	4.65	225,000	10,463
General Improvement	3-1-98-B	4.75	235,000	11,163
General Improvement	3-1-98-B	4.875	250,000	12,188
General Improvement	3-1-98-B	5.00	830,000	41,500
General Improvement	3-1-98-B	5.10	3,390,000	172,890
General Improvement	11-1-00	5.00	6,603,113	315,149
General Improvement	11-1-00	5.30	600,283	31,815
General Improvement	10-15-02	4.00	6,388,750	238,275
General Improvement	2-10-04	4.00	1,620,375	57,793
General Improvement	2-10-04	5.00	1,598,625	71,272
General Improvement	2-10-04	4.00	3,200,875	114,165
General Improvement	2-10-04	5.00	3,215,375	143,352
General Improvement	2-10-04	4.00	13,042,750	465,191
General Improvement	2-10-04	4.125	1,660,250	61,066
General Improvement	2-10-04	4.50	1,218,000	48,872
General Improvement	2-10-04	4.60	1,189,000	48,769
General Improvement	2-10-04	4.65	2,254,750	93,488
TOTAL GENERAL IMPROVEMENT BONDS			\$ 63,986,261	\$ 2,645,827

HAMILTON COUNTY, TENNESSEE  
DEBT SERVICE FUND  
SCHEDULE OF INTEREST REQUIREMENTS FOR  
FISCAL YEAR ENDED JUNE 30, 2005

BOND REDEMPTION	DATE OF ISSUE	INTEREST RATE	OUTSTANDING JUNE 30,2004	INTEREST PAYABLE
School Series	6-1-94	5.30	\$ 1,666,667	\$ 44,167
School Series	5-1-96	4.90	874,930	21,436
School Series	5-1-96	5.00	564,610	28,230
School Series	5-1-96	5.10	553,835	28,246
School Series	5-1-97	5.00	16,888,800	844,440
School Series	5-1-97	5.125	10,124,675	518,890
School Series	3-1-98-A	4.50	998,683	40,447
School Series	3-1-98-A	4.55	199,737	9,088
School Series	3-1-98-A	4.65	199,737	9,288
School Series	3-1-98-A	4.75	199,737	9,487
School Series	3-1-98-A	4.85	199,737	9,687
School Series	3-1-98-A	5.00	199,737	9,987
School Series	11-1-00	5.00	32,281,887	1,540,726
School Series	11-1-00	5.30	2,934,717	155,540
School Series	10-15-02	4.00	19,166,250	714,825
School Series	2-10-04	4.00	614,625	21,921
School Series	2-10-04	5.00	606,375	27,034
School Series	2-10-04	4.00	1,214,125	43,304
School Series	2-10-04	5.00	1,219,625	54,375
School Series	2-10-04	4.00	4,947,250	176,452
School Series	2-10-04	4.125	629,750	23,163
School Series	2-10-04	4.50	462,000	18,538
School Series	2-10-04	4.60	451,000	18,498
School Series	2-10-04	4.65	855,250	35,461
TOTAL SCHOOL BONDS			98,053,739	4,403,230
TOTAL GENERAL IMPROVEMENT BONDS			63,986,261	2,645,827
TOTAL BONDS			\$ 162,040,000	\$ 7,049,057

HAMILTON COUNTY, TENNESSEE  
SUMMARY OF DEBT SERVICE AND OTHER OBLIGATIONS  
AS OF JUNE 30, 2004

**Payments Due in Fiscal Year 2005**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Bonded debt	\$ 18,660,000	\$ 7,049,057	\$ 25,709,057
1996 Loan Agreement	650,600	*	650,600
1999 Loan Agreement	576,000	*	576,000
Carter Street Corporation Joint Venture	676,667	60,096	736,763
Finley Stadium Project	357,500	205,703	563,203
Hotel Motel Occupancy Tax debt			
City of Chattanooga	170,000	48,960	218,960
City of East Ridge	65,000	25,083	90,083
Silverdale Correctional Facility	267,005	-	267,005
Total payments due in fiscal year 2005	<u>\$ 21,422,772</u>	<u>\$ 7,388,899</u>	28,811,671
Less: reimbursements by Chattanooga			(70,597)
reimbursements by WWTa			<u>(631,986)</u>
Net debt service and other obligations			<u>\$ 28,109,088</u>

**Total Debt Obligations at June 30, 2004**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Bonded debt	\$ 162,040,000	\$ 47,288,897	\$ 209,328,897
1996 Loan Agreement	5,378,500	*	5,378,500
1999 Loan Agreement	6,911,000	*	6,911,000
Carter Street Corporation Joint Venture	1,390,834	80,628	1,471,462
Finley Stadium Project	4,550,000	1,369,262	5,919,262
Hotel Motel Occupancy Tax debt			
City of Chattanooga	680,000	122,400	802,400
City of East Ridge	380,000	73,180	453,180
Silverdale Correctional Facility	2,486,485	-	2,486,485
Total debt obligations outstanding	<u>\$ 183,816,819</u>	<u>\$ 48,934,367</u>	232,751,186
Less: reimbursements by Chattanooga			(200,045)
reimbursements by WWTa			<u>(18,254,431)</u>
Net debt obligations outstanding			<u>\$ 214,296,710</u>

\* The interest rates on the 1996 and 1999 Loan Agreements are adjustable. Actual interest expense is unknown.